No. 303

Supreme Court of the United States

OCTOBER TERM, 1941

UNITED STATES OF AMERICA,
Respondent,

AGAINST

C. M. LANE LIFEBOAT COMPANY, INC., and HARTFORD ACCIDENT AND INDEMNITY COMPANY,
Petitioners,

WALTER J. KROLMAN,
Intervenor.

NOTICE OF MOTION FOR WRIT OF CERTIORARI AND PETITION AND BRIEF IN SUPPORT OF SAME

CORNELIUS C. WEBSTER,
ODIN GUSTAFSON,
Attorneys and Counsel for Petitioners.

JEFFREY PRESS, INC.

INDEX.

PAGE

Opinions Below.....Index Page

Statement 6

Verification 4

Certificate of Counsel..... 4

CITATIONS.

E. I. du Pont de Nemours & Co., Inc., v. Clairbourne-Reno Co., 64 Fed. (2nd) 224..... 20

Norton et al. v. Agricultural Bond and Credit Corporation, 98 Fed. (2nd) 348..... 23

The Conquerer, 166 U. S. 110..... 22

Opinions Below.

The oral opinion of District Judge Inch is not reported. The opinion of the United States Circuit Court is reported in 118 Fed. (2nd) 793.

Supreme Court of the United States

OCTOBER TERM, 1941

UNITED STATES OF AMERICA,

Respondent,

against

C. M. LANE LIFEBOAT COMPANY, INC., and HARTFORD ACCIDENT AND INDEMNITY COMPANY,

Petitioners,

WALTER J. KROLMAN,

Intervenor.

SIRS:

PLEASE TAKE NOTICE that upon a certified copy of the transcript of the record herein and upon the annexed petition of C. M. Lane Lifeboat Company, Inc., sworn to on the 22nd day of July, 1941, we shall make the motion hereto annexed before the Supreme Court of the United States at the Capitol in the City of Washington, District of Columbia, on Monday, the day of October, 1941, at the opening of the court on that day or the next day upon which the court may sit for hearing motions, or as soon thereafter as counsel can be heard, and that we shall then and there move for such other and further relief in the premises as may be just.

Dated, New York City, N. Y., July 22, 1941.

Yours, &c.,

CORNELIUS C. WEBSTER,
ODIN GUSTAFSON,
Attorneys and Counsel for Petitioners.

To:

HAROLD M. KENNEDY, Esq.,
U. S. Attorney,
Brooklyn, N. Y.,
Attorney for Respondents.

DEAN RAMEY, Esq.,
Attorney for Intervenor, N. Y. City, N. Y.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

UNITED STATES OF AMERICA,

Respondent,

against

C. M. LANE LIFEBOAT COMPANY, INC., and HARTFORD ACCIDENT AND INDEMNITY COMPANY,

Petitioners,

WALTER J. KROLMAN,

Intervenor.

To the Honorable, The Supreme Court of the United States:

The petition of C. M. Lane Lifeboat Company, Inc., and Hartford Accident and Indemnity Company, respectfully shows to this court as follows:

Plaintiff, the United States of America, seeks in this action to recover damages alleged to have been sustained by reason of the claimed breach of certain written contracts entered into between the plaintiff and the C. M. Lane Lifeboat Company, Inc. The defendant, Hartford Accident & Indemnity Company furnished the performance bonds required under the various contracts.

This action was brought in the United States District Court for the Eastern District of New York. The jurisdiction of the court was based upon the fact that the action was instituted by The United States of America as plaintiff.

The trial resulted in a verdict for the plaintiff against the defendant, C. M. Lane Lifeboat Company, Inc., in the sum of $12,644.32 and against the defendant, Hartford Accident and Indemnity Company in the sum of $9,140.20. Final judgment was entered on May 2nd, 1940.

The case was taken to the United States Circuit Court of Appeals for the Second Circuit which court on April 23, 1941, affirmed the judgment and ordered that a mandate issue to the said district court in accordance with the decree.

Your petitioners are advised that the Circuit Court of Appeals was in error in affirming the judgment of the District Court in that the Court construed the standard government contracts in question contrary to the plain language thereof, and further, that the court's decision is in conflict with the decision on the same subject matter in the United States Court of Claims.

WHEREFORE your petitioners respectfully pray that a Writ of Certiorari be issued out of and under the seal of this court directed to the United States Circuit Court of Appeals for the Second Circuit commanding said Court to certify and send to this Court on a day certain to be therein designated, a full and complete transcript of the record and all proceedings in said Circuit Court of Appeals in this case which was entitled in that Court "United States of America, Plaintiff-Appellee, against C. M. Lane Lifeboat Company, Inc., and Hartford Accident and Indemnity Company, Defendants-Appellants, Walter J. Krolman, Intervenor" to the end that said cause may be reviewed and determined by this court as provided by law, and that your petitioners may have such other and further relief, or remedy, in the premises as to this Court may seem appropriate; and that said judgment of the said Circuit Court of

Appeals in said case, and every part thereof, may be reversed by this Honorable Court.

AND YOUR PETITIONERS WILL EVER PRAY.

C. M. LANE LIFEBOAT COMPANY, INC.,
HARTFORD ACCIDENT & INDEMNITY COMPANY,
Petitioners.

CORNELIUS C. WEBSTER,
ODIN GUSTAFSON,
Attorneys and Counsel for Petitioners.

State of New York,
County of New York—ss.:

ODIN GUSTAFSON, being duly sworn, deposes and says: That he is one of the counsel for C. M. Lane Lifeboat Company, Inc., and Hartford Accident and Indemnity Company, the petitioners above-named; that he has read the foregoing petition and that the facts therein stated are true to the best of his information and belief.

ODIN GUSTAFSON.

Sworn to before me this
22nd day of July, 1941.

CAROLINE BERNHARD,
Notary Public,
New York County.

I HEREBY CERTIFY that I have examined the foregoing petition and in my opinion the said petition is well founded in law and in fact and the case one in which the prayer of the petitioners should be granted.

ODIN GUSTAFSON.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

UNITED STATES OF AMERICA,

Respondent,

against

C. M. LANE LIFEBOAT COMPANY, INC., and HARTFORD ACCIDENT AND INDEMNITY COMPANY,

Petitioners,

WALTER J. KROLMAN,

Intervenor.

BRIEF FOR PETITIONER IN SUPPORT OF APPLICATION FOR WRIT OF CERTIORARI.

Statement.

This is an application for a Writ of Certiorari addressed to the United States Circuit Court of Appeals for the Second Circuit. The decision of that Court which the petitioners pray to have reviewed by this Court, resulted in an order affirming a money judgment entered against the petitioners.

Plaintiff, United States of America, will be hereinafter referred to as the Government, petitioner C. M. Lane Lifeboat Company, Inc., as the Lane Company, and petitioner, Hartford Accident and Indemnity Company, as the Indemnity Company. (References herein are to the folios in the transcript unless otherwise specified.)

The complaint sets forth an action at law to recover damages alleged to have been sustained by the Government, by

reason of the claimed breach of certain written contracts entered into between the Lane Company and the Government. The contracts, four (4) in number, each form the basis for the four separate causes of action alleged in the complaint. All four contracts were for the construction of a special type of lifeboat, to be used by the Government on its army transports.

The first contract was entered into on July 20th, 1929 (U. S. Exh, 1), and called for seventeen (17) lifeboats "of a recognized standard design, 'Lundin' type or an absolute equal", as described and defined in the specifications incorporated in the contract and made a part thereof. On July 31st the Indemnity Company gave its performance bond in the sum of $4,000.00. These seventeen (17) boats were delivered to the Government on various dates in August, 1929, and were accepted and paid for. At the time of the making of this contract the Government was throughly familiar with the "Lundin" type of lifeboat and with the detail of its construction, and had theretofore purchased approximately 1,500 of such type boats (U. S. Exh. 7, p. 12).

Before the Lane Company commenced any work under the contract, and by a letter dated July 23rd, 1929, the Welin Davit & Boat Corporation (hereinafter referred to as the Welin Company), notified the Government that the boats specified in the contract were "Lundin" lifeboats, covered by a patent owned exclusively by said corporation. The Government, however, ignored this communication and directed the Lane Company to proceed. The Welin Company thereupon, in September, 1929, instituted suit in the United States District Court for the Eastern District of New York, against the Lane Company for the infringement of the "Lundin" patent, resulting in a decree holding the "Lundin" patent valid and infringed, and enjoining the Lane Company from manufacturing the boats *except for the United States Government.*

Approximately one year after the making of the first contract, and on June 7th, 1930, the second contract was made calling for four (4) additional lifeboats (U. S. Exh. 2). Prior to the execution of this contract, and on May 29th, 1930, the Lane Company, through its attorney, informed the Government of the decision in the patent suit and enclosed a copy of the decree of the Court. On May 27th, 1930, the Welin Company, by registered mail, called the Government's attention to the fact that the boats specified in the contract referred to, were "Lundin" patented boats, and also directed the Government's attention to the patent decision (U. S. Exh. 7, p. 4). In spite of this complete information before it, the Government, nevertheless, entered into the second contract with the Lane Company on June 7th, 1930, and on June 9th, 1930, accepted the performance bond in the sum of $15,000 from the Indemnity Company.

The third contract was entered into on June 27th, 1930, and called for four (4) additional boats, as did also the fourth contract entered into on June 28th, 1930 (U. S. Exhs. 3-4). The Indemnity Company, under date of June 30th, 1930, furnished a performance bond in the sum of $3,300 under the third contract and under the fourth contract, on July 19th 1930, furnished a performance bond in the sum of $7,000.

After all of the contracts had been fulfilled by the delivery of the boats on behalf of the Lane Company, and the acceptance and payment on behalf of the Government, the Welin Company, owner of the "Lundin" patent, in August, 1930, sued the Government in the Court of Claims, asking damages because of the purchase of the twenty-nine (29) "Lundin" lifeboats without compensation to it. The Court of Claims decided for the Welin Company and awarded it the sum of $9,889.36 with interest, at the same time holding that the Government, even before the first contract was entered into, was fully familiar with the "Lundin" patented boat.

The Government contends that it is entitled to recover this amount from the petitioners, on the theory that there is a provision in the contract which gives it such right, the provision relied on being referred to as "Article 15" in the first contract, and referred to as "Article 20" in the three subsequent contracts. It reads as follows:

> "The contractor shall hold and save the Government, its officers, agents, servants, and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract, excepting patented articles required by the Government in its specifications, the use of which the contractor does not control."

It is perfectly plain, however, from the language of this provision that the Lane Company is to be liable if any patented article is used in fulfilling the contract, unless the Government specifies a patented article, in which event the contractor is not to be liable. It is contended by the petitioners that it is uncontradicted that the contracts specify a patented article and that, therefore, they are specifically exempted from liability under the provision referred to.

On the trial the Court ruled that the word "article" was ambiguous and, over objection, allowed testimony as to conversations, etc., preceding the making of the contract solely on this theory. The petitioners contend that this was error. The court also erred in its findings of fact numbered 6, 9, 10, 16, 19, 22, 25, 26, 28 and 29 to 34 inclusive and in both its conclusions of law. In any event, it is the further contention of the petitioners that the Government's specifications called for a patented article and under the provision in the contract above referred to, the Lane Company was specifically exempted from liability in such event.

POINT I.

In all four contracts the Government specified a patented article. The Lane Company was, therefore, relieved from any liability by reason of the exculpatory clause in the contracts.

All of the contracts were prepared by the Government, on its standard printed form. Labelled across the face of each contract were the words "Standard Form of Government Contract". Each contract consists of many separate pages, which are also printed forms. However, the article covering patents is not included in the printed form, but in each instance is added by typewriting and, in the first contract, is referred to as Article 15, and in the three subsequent contracts is referred to as Article 20. In each contract we find, under Article 1, Subdivision 5, the words "Articles or Services", and then listed under this subdivision are the articles ordered. In each instance the work is to be done in accordance with specifications annexed to and incorporated in the contract.

First Contract.

On that page of the contract designated "Schedule A", it appears that the specifications are "War Department Specifications herewith marked 'B' ". These specifications require that seventeen (17) boats be delivered and "each boat shall be of a recognized standard design 'Lundin' type or an absolute equal". There is no doubt that these specifications are the Government's own specifications and not the specifications of the Lane Company. These specifications are sent out by the Government as part of its invitation to bid, being a description of the articles required by the Government. When the expectant bidder receives the invitation to bid containing the specifications, he prepares a drawing or blue print which he submits with his

bid to the Government. If he is awarded the contract, the specifications of the Government and the drawing of the contractor are made part of the contract.

Major Jensen testified that the Marine Superintendent, pursuant to instructions from the Quartermaster-General, was called upon for specifications as to the type and quality of the boats required. The specifications were thereupon furnished Major Jensen and "invitations for bids were issued, embodying the specifications prescribed by the Marine Superintendent's Office" (fols. 174, 175). Major Jensen further testified, at folio 175 of the record:

> "Q. Were there any plans or drawings attached to the invitations to bid? A. No. The invitations for bids were issued with specifications, and it further clarified the article wanted or prescribed as a Lundin boat or its absolute equal."

The testimony of Major Jensen also established that the specifications automatically became part of the formal contract when the award was made (fol. 214). And such also was the testimony of Captain Fitzgerald (fol. 324). Moreover, we have the testimony of Krolman to the same effect, for instance (fols. 395, 396):

> "Q. When you got the specifications from the Government attached to the invitation to bid what did the C. M. Lane Lifeboat Company do with the specifications? A. Returned them with the bid."
>
> "Q. And the specifications which were originally mailed to you and which you in turn mailed back to the Government were attached to the contract when it was mailed back to you? A. Yes, sir."
>
> "Q. After that did you draw any other specifications? A. No."
>
> "Q. And that condition applied with all four contracts? A. That's right."

It is undisputed, therefore, that the specifications contained in the contract are the Government's specifications and were incorporated in the contract, in accordance with the clause found in each of the contracts, which requires that the work "shall be in strict accordance with the specifications * * *". In the first contract the Government's specifications are referred to as "War Department Specifications" and in the remaining contracts they are referred to as "Government Specifications".

(1) The Government Specifications Call for a Patented Boat.

(a) The Government's Testimony Is All to the Effect That It Had Full Knowledge Before the Making of the Contracts That the Boats Specified Were Patented.

Major Jensen testified that he knew from the specifications themselves that the Government required a patented boat. His testimony (fol. 224) is as follows:

> "Q. So that when you signed this contract (referring to the first contract) on behalf of the Government you knew that there was some question of some article here being patented; is that true? A. Oh yes."
>
> "Q. What article did you have in mind, Major? A. Well, I had no particular item except the item as a whole."

and again at folio 225:

> "Q. And, of course, you must have gotten some idea somewhere why that may have been covered by a patent, Major; don't you think; otherwise you would not have inserted it in the contract? A. *Through the specifications themselves, yes*, and the first contract, using the word Lundin, as we recognized that as a patented boat, but it was used to clarify to the bidders what was wanted."

> "Q. And you in your capacity as contracting officer, of course, knew the Lundin type of boat to be a patented boat? A. Oh yes."
>
> "Q. And that is why this special clause was put in the contract? A. Oh yes."

and again at folios 228 and 229:

> "Q. Could you help us by seeing if you could remember when you heard the name Lundin in reference to a lifeboat? A. When I got the specifications for the invitations to bidders."
>
> "Q. And then with respect to that time, when was it you first heard that it was a patented boat? A. I believe at the same time."

It thus appears by the repeated, positive testimony of the Government's principal witness that the Government had full knowledge before the contracts were made that they called for a patented boat. In addition, the Government was notified by the Welin Company, by a letter dated July 23rd, 1929, that the specifications called for a "Lundin" boat, which was its patented boat. Nevertheless, in spite of this formal notification received before the bond was delivered, and before any work was undertaken, the Government proceeded with the contract. Captain Fitzgerald testified in the same vein, at folio 291 of the record:

> "Q. You knew that this was a patented boat at the time the contracts were drawn, did you not? A. We knew the claim. That's it."

again at folio 292:

> "Q. But throughout all your negotiations prior to these contracts, you knew the Lundin boat was a patented boat; isn't that right, Captain? A. I assumed that it was a patented boat."

Captain Fitzgerald also testified (fols. 309, 310) that before the bond was executed and before any work was

undertaken, he had actual notice from the Welin Company of the Lundin patent and the claims thereunder. It is quite apparent from this testimony of both of the Government's witnesses that the Government knew, before the contract was made, that it was ordering a patented Lundin boat, which patent it knew was owned by the Welin Company.

(b) The Uncontradicted Testimony of Kindscher, the Welin Expert, and of the Lane Company's President, Is That From a Reading of the Specifications No Boat Could Be Made Except a Patented "Lundin" Boat.

The witness, Kindscher, was the shop superintendent of the Welin Company, the owner of the Lundin patent; he had supervised the construction of Lundin boats for many years and had been in the business for 38 years and practically all of the Lundin lifeboats were built for the Government under his supervision and direction, by the Welin Company. He testified at length that the specifications called for a Lundin boat and no other boat could be built (fols. 405-411, 414, 415).

Krolman, the Lane Company's President, also testified that the specifications called for a Lundin patented lifeboat, generally known in the industry as a "Lundin" boat, and that no other boat could be made (fols. 376, 377).

(c) The Court of Claims Found That the Specifications Under This Contract Called for a Patented "Lundin" Boat.

The Government introduced part of the record of the Court of Claims (U. S. Exh. 7) and, of course, is bound by everything contained therein. This exhibit establishes that the Welin Company was the sole owner of the Lundin patent; that it transmitted to the Government, by a letter dated July 23rd, 1929, a notice that it was the sole owner

of the Lundin patent, and that by the decree of Judge Campbell of the United States District Court for the Eastern District of New York, the manufacture of the seventeen boats under the first contract was an infringement of the patent. The Court expressed its opinion in this significant language:

> "It may not be disputed that the officials of the Government were familiar with not only the existence, but the detail of construction disclosed in the Lundin patents. Approximately 1,500 of the Lundin type boats had theretofore been purchased and used by the Government, and *the specifications* for the 17 boats involved expressly stated that 'each boat shall be of a recognized standard design, 'Lundin' type of a boat or an absolute equal,' a direct and positive recognization of not only the commercial value of the Lundin type of boat, but an *expressed limitation of the type of boat acceptable under the bids.* Without a doubt, a successful bidder under *the specifications* was put to the necessity of adopting the Lundin type of boat, or bringing into existence its 'absolute equal', a task obviously difficult to accomplish and escape infringement, in view of the facts found in this case." (Italics ours.)

It thus appears that there can be no dispute that the specifications called for a patented "Lundin" boat.

(d) The District Court Found That the Boats Delivered Under the First Contract, Even Though They Contained a Deviation From the Lundin Patent, Were Lundin Patented Boats.

An examination of the drawing annexed to the first contract will disclose that these 17 boats had rounded sides with fenders conforming to the shape of the sides, being in this respect different from the precise Lundin boat,

which had flat sides, with flat fenders flush against the sides. Judge Campbell found, however, this slight change of no consequence and held the Lundin patent valid and infringed, restraining the Lane Company from manufacturing any boats of the Lundin Type, *except for the United States Government.*

Thus there is an adjudication by the District Court that the specifications under the first contract called for a patented "Lundin" boat and, in spite of the best efforts of Krolman to get around the patent, the Court held the patent valid and infringed by the manufacture of the boats in the modified form. In fact, the Court of Claims held "that the change * * * slight as it was, was the only one available in an attempt to manufacture boats of the Lundin type and escape a charge of infringement" (U. S. Exh. 7, p. 12).

The specifications annexed to the first contract require "a standard design Lundin type of boat or an absolute equal" and even if there was no other evidence to establish that the Government ordered a patented boat, this statement in the specifications, standing alone, is sufficient to establish that the Government demanded a patented boat.

In the face of all this overwhelming evidence, including the positive statement of the Government's principal witness, is it inconceivable that the Government can dispute the fact that the specifications called for a patented boat.

Second Contract.

The second contract was made almost one year after the first contract and subsequent to the decision by Judge Campbell, holding the Lundin patent valid and infringed, and restraining the Lane Company from making Lundin boats, except for the United States Government. This contract was made on June 7th, 1930, and involved the sum of $8,680, covering four (4) boats. A performance bond

was given by the Indemnity Company on June 9th, 1930, in the sum of $15,000. The second contract is in all respects similar to the first and contains the standard patent clause. The contract requires that the work be done in accordance with the specifications, which are referred to in the contract as "Government Specifications". The specifications refer to the boats as "standard army transport type".

The specifications go into great detail, describing the type of construction, referring to scuppers, manholes, manhole covers, gunwales, fenders, etc. Kindscher, the Welin Company expert, and Krolman both testified that a reading of these specifications would establish that only a Lundin patented lifeboat could be built (fols. 404-411, 414-416). This testimony is uncontradicted. There is no variation in the design of the sides and fenders of the boats under this second contract, they being Chinese copies of a Lundin boat. Since it was held by Judge Campbell that the specifications under the first contract, with the slight modification in the shape of the sides, called for a patented boat, the boats under the second contract, having no modifications, would certainly be patented boats.

Sometime before the contract was signed there was considerable discussion between the Government and the Lane Company. The attorney for the Lane Company, on May 29th, 1930, wrote the Government, advising it of Judge Campbell's decision, enclosing a copy and stating that the Lane Company had the right to make the boats for the Government (U. S. Exh. 8). In addition, the Welin Company, on May 27th, 1930, gave notice to the Government of Judge Campbell's decision (U. S. Exh. 7, p. 4). Moreover, on June 12th, 1930, the Welin Company caused similar notices to be sent to the Secretary of War and the Attorney-General, calling attention to the validity of the patent (U. S. Exh. 7, p. 5). The witness, Captain Fitzgerald, testified that there was "a great deal of fight-

ing going on" regarding the right of the Lane Company to manufacture the boats (fol. 314).

The testimony of Major Jensen is that he conferred with attorneys in Washington and with the Judge-Advocate-General's office. Finally, with all this information placed before him, both by the Lane Company and by the Government itself, he signed the contract on behalf of the Government on June 7th, 1930.

The Government seeks to differentiate the second contract from the first and attempts to inject some theory of reformation of the contract, apparently claiming that the Lane Company wrongfully represented that it had the right to make the boats and that, since there was some doubt in the matter, the Government felt that it was protected in requiring an unusually large bond in the sum of $15,000. Of course, the Lane Company did represent that it could make the boats for the United States Government and such was the decision of Judge Campbell, and it was particularly called to the attention of the Government that the Lane Company could make the boats only for the United States Government. The Government wrote the contract containing the patent clause and fixed the bond, after it had full knowledge of all the facts as to the patent claims of the Welin Company. The bond, even though it might have been larger than usual, covered a contract, the terms of which remained unaltered. The giving of an excessive bond certainly cannot be claimed to have altered the terms of the contract. This is an action at law and not a suit seeking reformation of the contract, but even assuming that the Government sought reformation of the contract, it should not be heard to complain.

After it had fully investigated the circumstances, and had all the information before it, and had consulted with the Judge Advocate-General and with the authorities in Washington, as to the Government's rights in the matter, the

Government, nevertheless, awarded the contract to the Lane Company.

It therefore follows, under the second contract, that the Government called for a patented boat in its specifications; that the contract is clear and unambiguous; and that the exculpatory clause excuses the contractor from any liability.

Third and Fourth Contracts.

The last two contracts, dated June 7th, 1930 and June 28th, 1930, respectively, called for four (4) additional lifeboats of the standard army transport type, in strict accordance with the specifications designated as "Government Specifications" in the contracts.

These contracts are on the standard printed Government form and contain the identical clause on patents as contained in the first and second contracts. Examining the contracts we find, under Item 5, the words "Articles or Services", and then we find, on the same page, that the "Quantity" of articles is "four (4) lifeboats as per attached specifications". There are no other articles referred to on this page. It is apparent that "articles" in the patent clause refers to the boats as a whole in these contracts, as well. In addition, there is the uncontroverted testimony of Kindscher, the Welin expert, and Krolman that the specifications under these two contracts called for a Lundin patented lifeboat. In addition, we have the testimony of Major Jensen and Captain Fitzgerald to the same effect on these contracts as on the first two.

There is no claim that the bonds given under these two contracts were excessive, although, of course, the same information was in the possession of the Government as to the Lundin patent. Evidently the Government did not see fit to take any unusual precautions in regard to these two contracts, a fact which weakens the argument of the Government that the excessive bond under the second con-

tract was required because of certain doubts as to the right of the Lane Company to make the boats. Certainly, the same doubts prevailed subsequently, when the third and fourth contracts were made, but nothing more than the usual bond was required.

POINT II.

There is no ambiguity in the contracts.

The Government maintains this as an action at law, seeking to enforce the strict terms of the contract, consequently, no evidence can be received apart from the contract itself, except to explain an ambiguity contained in the contract.

The Government cannot recover on the theory that through some mistake, inadvertence, etc., it can in any way alter the terms of the contract or change its position thereunder. It is well established that such claims can only be made in a suit in equity for the reformation of the contract.

The contract was, of course, prepared by the Government, on its standard printed form, and it is fundamental that such a contract is to be construed strictly against the Government, and the rule is peculiarly applicable where the contract is on a printed form, prepared by one of the parties (*E. I. du Pont de Nemours & Co., Inc.* v. *Clairborne-Reno Co.*, 64 Fed. [2nd] 224).

The patent clause was not part of the printed form, but was added specially by typewriting it into the contract. It was no part of the printed form and it cannot be argued that the Government neglected to strike it out. It is presumed that both parties were familiar with the patent clause in advance of the preparation of the contract. The Lane Company, in this instance, presumably

considered this clause because it was recited in the invitation to bid, that it would be inserted in the contract, and presumably the Lane Company knew its meaning, just as the Government, who prepared it, understood its meaning. Therefore, on the theory that the clause would be interpreted to mean what it said, the Lane Company, in good faith, entered into the contract. If a Government contract, on a form required by the Government, contains certain clauses concerning certain subject matter, prepared especially by the Government and exclusively by it, is so lightly to be termed ambiguous in the light of all the circumstances in this case, it would make it extremely precarious for any honest contractor to enter into a contract with the Government.

However, the words "patented article" is not ambiguous. It is the common language of patent lawyers. The provision was presumably prepared by lawyers for the Government and, no doubt, by patent lawyers. Perhaps in preparing this clause they first examined 35 U. S. C. A., Sec. 49, which reads as follows:

> "Sec. 49. *Patented Articles* marked as such; notice of infringement. It shall be the duty * * * of all persons making or ordering *any patented articles* * * * to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patent' * * * or when from the *character of the article* this cannot be done * * *."

Does this section apply to any article except lifeboats? It definitely applies to any article susceptible of being protected by a patent as distinguished from an unpatented article or thing which cannot be protected by a patent. The Government selected the language of the patent statutes and was so sure of the clarity and effectiveness of the language that no other language would be acceptable. The Government should not be permitted to cast it aside and

attempt to give it a different meaning, strained to meet its convenience.

It is well settled that a word in a contract is to be given its ordinary or usual meaning unless it is shown that it is to be given a specialized or technical meaning. The word "article" is generic in meaning, comprehending a limitless class of things. It is used indiscriminately with "goods, wares and merchandise"; it is used to distinguish personal property from real property; in its generic sense it includes an ocean-going vessel (*The Conqueror*, 166 U. S. 110). In the last cited case, *The Conqueror*, decided by the United States Supreme Court, the definition of the word "article" was exhaustively considered. In that case an American citizen had purchased an ocean-going yacht in England and, for a matter of convenience, had it registered in England to avoid a tonnage tax there. It eventually came into United States waters and the Government, pursuant to the provisions of a certain tariff act, claimed that a duty should be levied on it for the reason that the act required that "articles" imported from foreign countries and mentioned in certain schedules contained in the tariff act fixed a tariff on it, although none of the schedules mentioned "ships" or "vessels", eo nominee. The Court held that while ordinarily a vessel was an article for general purposes, it was not an article within the intent of the tariff act and, therefore, could not be taxed as an article. However, the Court held that a small boat, such as a launch or a motor boat, or any boat carried on the decks of the vessel would be an article even within the meaning of the tariff act, the Court pointing out that such a small boat, not an ocean-going boat, was in the same category as vehicles used for transportation on land, such as a carriage or an automobile. In other words, the United States Supreme Court has held specifically that a boat that can be carried on the deck of another vessel is an article

in a general sense, as well as in a specialized sense, as referred to in the specific tariff act.

In addition, Major Jensen testified that when he inserted the patent clause, the article he had in mind was the item as a whole, or the boats (fol. 224). Where the parties themselves have agreed upon the meaning of a word, the Court must give it that meaning (*Norton et al.* v. *Agricultural Bond and Credit Corporation*, 98 Fed. [2nd] 348).

POINT III.

The standard patent clause contained in all government contracts affected by patents should be construed according to its plain meaning.

The Circuit Court of Appeals has in effect read into the standard provision relating to patents, additional language not found in the contract itself which requires the government to designate the article ordered as a patented article in order that the contractor may be free from liability. Such a construction discourages competition bidding since it holds a contractor liable even though the government knows it is ordering a patented article.

CONCLUSION.

The writ of certiorari should issue.

Respectfully submitted,

CORNELIUS C. WEBSTER,
ODIN GUSTAFSON,
Counsel for Petitioners.